

July 18, 2003

Dear Potential Groundfish Buyback Bidder:

Our records indicate you are qualified to bid in the Pacific Coast groundfish buyback. I'm now enclosing a copy of the final buyback notice because buyback bidding will be opening on August 4, 2003.

The buyback notice has two addenda. One is an invitation to bid and the other is a bidding form and agreement. You should carefully read the notice and its addenda, and we recommend you consult with an attorney before you bid.

The following list of questions and answers is for your convenience. You should read them carefully. The questions and answers aren't a substitute for also reading the notice's two addenda. Only the notice addenda contain the buyback's exact terms and conditions, but we hope the questions and answers below will be helpful.

MAY YOU BID NOW?

No. You may not bid before bidding opens.

WHEN DOES BIDDING OPEN?

Bidding opens on August 4, 2003. This is the first day you may submit your bid.

HOW LONG DO YOU HAVE TO BID?

We must receive your bid not later than the day bidding closes.

WHEN DOES BIDDING CLOSE?

Bidding closes on August 29, 2003. This is the last day for us to receive your bid. You must submit your bid far enough in advance of this date for us to have received it no later than then.

WILL WE SEND YOU A BIDDING PACKAGE?

Yes. We'll send you a bidding package before the date bidding opens.

MUST YOUR BID USE THE BIDDING PACKAGE DOCUMENTS WE SEND YOU?

Yes. You may not submit a bid on any form other than the bidding form and agreement in the bidding package we send you.

WHAT QUALIFIES YOU TO BID?

You're qualified to bid if you own a federally-issued fishing permit for Pacific Coast groundfish which (1) is endorsed for trawl gear operation and (2) isn't registered to a whiting catcher-processor vessel.

WHAT WILL YOUR BID REQUIRE YOU TO RELINQUISH?

(1) The federally-issued fishing permit for Pacific Coast groundfish qualifying you to bid,

(2) The fishing privileges of the fishing vessel registered to your bid's qualifying groundfish permit,

(3) Each California-, Oregon-, or Washington-issued fishing permit for either coastal Dungeness crab or pink shrimp you held on May 28, 2003, for which the registered vessel was then your bid's vessel,

(4) Each California-, Oregon-, or Washington-issued fishing permit for either coastal Dungeness crab or pink shrimp you first acquired after May 28, 2003, for which the registered vessel is your bid's vessel,

(5) Any other Federal fishing permit or privilege of any kind you held on May 28, 2003, which was issued on the basis of the ownership or operation of your bid's vessel, and

(6) Any other Federal fishing permit or privilege of any kind first acquired after May 28, 2003, which was issued on the basis of the ownership or operation of your bid's vessel.

WHAT HAPPENS WHEN DIFFERENT PARTIES OWN ANY OF THESE BID COMPONENTS?

The different parties may bid together in the same bid. The party who owns the qualifying groundfish permit is the qualifying bidder, and the other parties are co-bidders.

If, for example, someone other than the qualifying bidder owns the vessel registered on the qualifying bidder's groundfish permit, that party can co-bid with the qualifying bidder. Neither of the parties in this example can submit a separate bid, because all of the required buyback components must be included in a single bid.

The bidding form and agreement accommodates one qualifying bidder and up to four different co-bidders.

WHAT DO WE MEAN BY DIFFERENT PARTIES?

We mean different legal entities.

Sole proprietorships, partnerships, and corporations are examples of different legal entities.

If, for example, Sam Smith (a sole proprietor) owns the bid's qualifying groundfish permit and Sam Smith, Inc. (a corporation), owns the vessel registered on Sam Smith's qualifying groundfish permit, these are different parties because they're different legal entities. This is true even though Sam Smith may own 100% of the stock of Sam Smith, Inc. In this example, Sam Smith and Sam Smith, Inc., must bid together in a single bid. Sam Smith is the qualifying bidder; and Sam Smith, Inc., is a co-bidder.

If Charles Carpenter (a sole proprietor) owns the bid's qualifying groundfish permit and Bob Cooper (another sole proprietor) owns the vessel registered on Charles Carpenter's qualifying groundfish permit, these are also different parties because they are different legal entities. In this example, Charles Carpenter and Bob Cooper must bid together in a single bid. Charles Carpenter is the qualifying bidder, and Bob Cooper is a co-bidder.

In short, where different parties own any of a bid's required components, each party must bid together in a single bid. The owner of the qualifying groundfish permit will always be the qualifying bidder, and any other parties to the bid will always be co-bidders.

This is true whether the parties are related or unrelated. In the first example above, Sam Smith and Sam Smith, Inc., are related parties if Sam Smith owns 100% of the stock of Sam Smith, Inc. In the second example above, however, Charles Carpenter and Bob Cooper are unrelated parties because they're entirely different sole proprietors.

Many variations of different parties are possible. Whatever variation may be true of your circumstances, where different parties own any of a single bid's required components, each of these parties must bid together in a single bid.

WHERE CO-BIDDERS ARE INVOLVED IN AN ACCEPTED BID, HOW DO WE DETERMINE HOW MUCH OF THE BID'S BUYBACK PAYMENT TO PAY TO THE QUALIFYING BIDDER AND TO EACH OF THE CO-BIDDERS?

We don't. This determination is your responsibility. We'll tender a single undivided buyback payment to all the parties bidding in each bid.

WHAT DOES "TENDERING" A BUYBACK PAYMENT MEAN?

We tender the buyback payment when we formally advise an accepted bidder that we're ready to disburse the buyback payment to the bidder. We'll tender payment by requesting the bidder to send us written payment instructions. We'll disburse payment immediately after the bidder provides these instructions. Where co-bidders are involved in a bid, this is the point at which the qualified bidder and his co-bidders jointly instruct us in writing about how much of the buyback payment to pay each of them and how to deliver payment to each of them.

SHOULD A QUALIFYING BIDDER AND HIS CO-BIDDERS ENTER INTO A CONTRACT ABOUT SHARING THE BUYBACK PAYMENT?

Yes. To avoid later misunderstandings, we recommend that, before bidding, the qualifying bidder and all his co-bidders enter into a written contractual agreement about this.

SO WE'RE ADDRESSING ALL THESE QUESTIONS AND ANSWERS BOTH TO EACH SINGLE QUALIFYING BIDDER BIDDING ALONE AS WELL AS TO EACH QUALIFYING BIDDER BIDDING TOGETHER WITH CO-BIDDERS?

Yes. These questions and answers use terms like "you" and "your" (as well as "bidder") to refer to bidders. If your bid involves co-bidders, you should understand that terms like "you" and "your" refer to, and include, the qualifying bidder as well as all his co-bidders bidding together with him in a single bid. If your bid doesn't involve any co-bidders, then you should understand that these terms refer only to a qualifying bidder bidding alone.

MUST YOU OWN OR HOLD EACH OF THE FOUR REQUIRED BID COMPONENTS?

Yes. Our records (for federal permits), those of California, Oregon, or Washington (for state permits), and those of the U.S. Coast Guard's National Vessel Documentation Center (for federally documented vessels) must establish that you are the owner or holder of record of each of the required bid components. You must be fully and legally entitled to dispose of each of these bid components. If someone other than you is, at the time we consider your bid, the recorded owner or holder of any of these bid components, we'll reject your bid.

WHAT'S THE DISTINCTION BETWEEN "OWNING" AND "HOLDING" THESE REQUIRED BID COMPONENTS?

Parties who're legally entitled to dispose of qualifying groundfish permits or vessels are the "owners" of those permits and vessels. Most other state and Federal permitting systems, however, regard the parties who're legally entitled to dispose of the permits as the "holders" of those permits rather than their "owners".

WHAT IF YOU DIDN'T, ON MAY 28, 2003, HOLD ANY STATE PERMITS FOR COASTAL DUNGENESS CRAB OR PINK SHRIMP, BUT ACQUIRED SOME BETWEEN THEN AND WHEN YOU BID?

You must still include those permits in your bid if they're registered to your bid's vessel.

WHAT IF YOU HELD STATE PERMITS LIKE THESE ON MAY 28, 2003, BUT SOLD ONE OR MORE OF THEM BETWEEN THEN AND WHEN YOU BID?

You aren't qualified to bid alone, because you won't at the time of bidding hold some of the permits your bid must include. You could, however, become qualified to bid by having the holders of those permits (i.e., the parties to whom you sold them) co-bid with you in a single bid.

The purpose of the May 28, 2003¹, date is ensuring bidders don't, between that date and when they bid, sell permits that are a required bid component to avoid having to include the permits in their bids.

WHAT'S THE MAXIMUM NUMBER OF THESE STATE PERMITS YOU MIGHT HAVE TO INCLUDE IN YOUR BID?

¹May 28, 2003, is the date we first published the notice and its addenda for public comment.

Six. If you held three coastal Dungeness crab permits (one issued by each of California, Oregon, and Washington) as well as three pink shrimp permits (again, one issued by each of California, Oregon, and Washington), you'd have to include all six of these state permits in your bid if they were all registered to your bid's vessel.

DO YOU HAVE TO INCLUDE IN YOUR BID ANY OF THESE STATE PERMITS YOU HOLD IF THE VESSEL NOW REGISTERED ON THE PERMIT ISN'T THE SAME AS YOUR BID'S VESSEL?

No, but with one exception. If the vessel which was on May 28, 2003, registered on your bid's qualifying groundfish permit was then also the vessel registered on the state permit, you must include the state permit in your bid even if some other vessel afterwards became registered on the state permit.

HOW ABOUT STATE PERMITS LIKE THIS YOU SOLD BEFORE MAY 28, 2003?

You don't have to include in your bid any state permits you sold before May 28, 2003.

HOW WILL WE TREAT ANY STATE PERMITS LIKE THIS YOU SOLD BEFORE MAY 28, 2003, IF YOU WERE STILL THEIR HOLDER OF RECORD ON MAY 28, 2003?

Even though you may have sold the permit before May 28, 2003 (and can't, consequently, include it in your bid), if the state's permit records still designated you as having been the permit's holder of record on May 28, 2003, we may reject your bid.

To establish who the holder of record was on May 28, 2003, we'll use the permitting records of the state which issued the coastal Dungeness crab or pink shrimp permit. If you sold one or more of these state permits before May 28, 2003, but the buyer hadn't re-registered the permit in his name by then (or even if he had, and the state hadn't yet changed its database), then we have to regard you as still having been the permit's holder of record on May 28, 2003.

Consequently, if you're in this situation, you should, before bidding, take whatever steps may be necessary to ensure that the permit-issuing state's database doesn't still include you as the holder of record on May 28, 2003.

If worse comes to worse, you can include in your bid legal evidence that you sold the permit to another party before May

28, 2003, but we can't guarantee that this will suffice for bid acceptance.

IF WE ACCEPT YOUR BID, WHAT HAPPENS TO THE PACIFIC COAST GROUND FISH PERMIT AND ANY OTHER FEDERAL FISHING PERMITS OR PRIVILEGES YOU MUST INCLUDE IN YOUR BID?

You'll permanently relinquish them, and we'll permanently revoke them.

IF WE ACCEPT YOUR BID, WHAT HAPPENS TO THE CALIFORNIA, OREGON, AND WASHINGTON COASTAL DUNGENESS CRAB AND PINK SHRIMP PERMITS YOU MUST INCLUDE IN YOUR BID?

You'll permanently relinquish them, and we expect that the states which issued them will permanently revoke them.

IF WE ACCEPT YOUR BID, WHAT HAPPENS TO THE VESSEL WHOSE FISHING PRIVILEGES YOUR BID MUST INCLUDE?

You'll continue to own this vessel, but the United States will permanently revoke the vessel's worldwide fishing privileges as well as its privilege to be transferred into foreign registry or otherwise operated under another country's authority. This restriction will run with the vessel's title and apply to anyone who afterwards buys the vessel.

The U.S. Coast Guard's National Vessel Documentation Center will permanently revoke the vessel's fisheries endorsement. The U.S. Maritime Administration will permanently prohibit transfer of the vessel into alien registry.

The vessel may continue to be used for any legal purpose other than fishing. The term "fishing" has the full meaning the Magnuson-Stevens Fishery Conservation and Management Act establishes. "Fishing" includes any catching, harvesting, or taking of fish (or attempting to do so) as well as any other activity preparing for or supporting fishing (for example, tendering). "Fishing" includes both recreational fishing as well as commercial fishing.

The only exception is vessels which aren't documented under Federal law. These vessels must always be scrapped, and doing so will be one of your reduction contract obligations.

WHAT DETERMINES WHETHER WE ACCEPT YOUR BID?

Assuming everything else about your bid is acceptable, your bid score solely determines whether we accept or reject your bid.

WHAT'S YOUR BID SCORE?

There are only two bid scoring factors:

(1) The dollar amount of the price your bid specifies as the buyback payment you want from us for relinquishing your permits and your vessel's fishing privileges, and

(2) The ex-vessel dollar value of certain fish your bid's vessel landed.

Your bid score is the bid price stated as a percentage of the landings' value. The following are two examples, using simple numbers.

If your bid price were \$1 and the landings value of your bid's vessel were \$1.60, your bid score would be 0.625. This is calculated by dividing \$1 (bid price) by \$1.60 (landings value). A 0.625 bid score means the bid price is 62.5% of the landings value.

(2) If your bid price were \$2 and the landings value of your bid's vessel were \$3.40, your bid score would be 0.5882. A 0.5882 bid score means the bid price is 58.82% of the landings value.

Even though the second bid price above is twice as high as the first one, the second bid score is lower than the first one. In a reverse auction, we would accept the second bid before we accepted the first one.

HOW DO WE DETERMINE YOUR BID VESSEL'S LANDINGS VALUE FOR BID SCORING PURPOSES?

Using the ex-vessel dollar value of your bid vessel's landings during 1998, 1999, 2000, and 2001, we'll average the three highest annual values during this four-year period. We'll exclude from this calculation, however, any landings from any fishery for which your bid doesn't include a permit that you'll be relinquishing.

If, for example, you held an Oregon pink shrimp permit during 1998, 1999, 2000, and 2001 but sold it before May 28, 2003, we'll exclude from your landings value for bid scoring purpose the ex-vessel dollar values of all Oregon pink shrimp landings.

WHAT SPECIES ARE INVOLVED IN THESE BID-SCORING LANDING VALUES?

Pacific coast groundfish from the federal fishery as well as all coastal Dungeness crab and pink shrimp from each of the Washington, Oregon, and California fisheries for which your bid includes a permit. If your bid's vessel caught species in addition to these ones, your bid score won't include their ex-vessel value.

DO YOU HAVE TO SUPPLY YOUR BID VESSEL'S LANDINGS VALUES OR CONFIRM OR DOCUMENT THE DATA IN ANY WAY?

No. We'll use the ex-vessel landings values contained in official government databases for your bid's vessel. The values in these databases reflect your bid vessel's fish tickets. You won't need to provide any confirmation or other documentation of these landing data.

CAN YOU ATTEMPT TO CORRECT OR REVISE THE LANDINGS VALUES IN THESE DATABASES FOR YOUR BID'S VESSEL?

Only if you do so before bidding, and only with the government database authorities involved. When we're scoring your bid, we'll use whatever data the various government databases then contain for your bid's vessel.

WILL WE CONSIDER YOUR ALTERNATIVE DOCUMENTATION ESTABLISHING THAT THE LANDINGS VALUES OF YOUR BID'S VESSEL WERE HIGHER THAN THOSE IN THESE DATABASES?

No. We understand that some bidders' circumstances may have produced landings values higher than the fish ticket data in these government databases. Nevertheless, the practical requirements of a workable buyback requires that we use only the fish ticket data in these official databases.

HOW DO YOU KNOW THE LANDINGS VALUES IN THESE DATABASES FOR YOUR BID'S VESSEL ARE CORRECT?

You can't know for sure unless you have access to these databases and can compare their landings values for your bid's vessel with your own data. Nevertheless, the practical requirements of a workable buyback require that we use whatever landings values these government databases contain, at the time of bidding, for your bid's vessel. We must assume that these official databases are, for all practical purposes, complete and correct.

HOW DOES YOUR BID SCORE RELATE TO OUR BID ACCEPTANCE?

The bidding involves a reverse auction, and the winning bidders will be those with the lowest bid scores rather than those with the highest. This means the winning bids will be those whose bid prices are the lowest, rather than the highest, percentage of the average landings values during the applicable period for the bids' vessels. We'll first accept the bid with the lowest bid score, then the bid with the next lowest bid score, and so on until either there are no more bids to accept or accepting another bid with the next lowest bid score would have caused the buyback cost to exceed its maximum total cost.

HOW DO YOU DETERMINE THE AMOUNT OF THE BID PRICE TO SPECIFY IN YOUR BID AS YOUR COMPENSATION FOR RELINQUISHING YOUR PERMITS AND RELINQUISHING YOUR VESSEL'S FISHING PRIVILEGES?

This is up to you. If, however, the bid price amount you choose is too high a percentage of your average landings value, your bid will be noncompetitive. You'll be bidding against 263 other potential bidders for limited buyback funds. Those whose bid prices are the lowest percentages of their average landings values will be the successful bidders, and those whose bid prices are too high a percentage of their average landings values will be unsuccessful bidders.

Although this is a reverse auction, it's like regular ones in at least one respect. You have no reliable way of knowing either what bid prices other bidders with whom you're competing will specify in their bids or what their average landings value are. Consequently, you improve the chances of your bid being accepted if the bid price you specify is as low a percentage of the average landings value of your bid's vessel as your own circumstances and judgement permits.

HOW MUCH MONEY IS AVAILABLE FOR THE BUYBACK?

\$46 million. We'll accept bids with the lowest bid scores until the next bid with the next lowest bid score would cause the buyback's cost to exceed \$46 million. 263 potential bidders in an economically depressed fishery may cause the demand for buyback payments to exceed \$46 million. Consequently, if you're serious about using the buyback to exit this fishery, you should strive to make the bid price you specify in your bid as competitive as your own circumstances and judgment permit.

MAY YOU NEGOTIATE, REVISE, OR AMEND ANY OF THE TERMS AND CONDITIONS OF THE INVITATION TO BID OR THE BIDDING FORM AND AGREEMENT?

No. The buyback's terms and conditions are non-negotiable. If any of these are unacceptable to you, you shouldn't bid.

CAN YOU REVOKE YOUR BID AFTER SUBMITTING IT?

No. Your bid is an irrevocable contract offer to the United States under the terms and conditions in the invitation to bid and the bidding form and agreement. Once you submit this offer, you can't revoke it. Our acceptance of your irrevocable bid offer forms a binding reduction contract between you and the United States. Our rejection of your bid offer prevents the contract's formation.

WHEN YOU SUBMIT YOUR BID, TO WHOM MUST YOU DELIVER IT?

You must deliver your bid to:

Michael L. Grable
Chief, Financial Services Division (F/CS2)
National Marine Fisheries Service
National Oceanic and Atmospheric Administration
Room 13100
1315 East-West Highway
Silver Spring, MD 20910-3282

MAY YOU FAX YOUR BID?

No. You must cause your actual bid to be delivered to the above address in such a way that we receive the bid no later than the bidding closing date.

MUST THE SIGNATURES ON YOUR BID BE ORIGINAL SIGNATURES?

Yes. You must submit your bid on the bidding form and agreement we include in the bidding package we mail to you. The bidding form and agreement you submit as your bid must bear the original signatures of all parties required to sign the bidding form and agreement.

WHAT MEANS (OTHER THAN FAX) CAN YOU USE TO DELIVER YOUR BID?

You may deliver your bid by U.S. mail, by express delivery service, or by personal delivery. You may use whichever of these means you believe most reliably able to deliver your bid to us at

the above address so that we receive it no later than the bidding closing date.

Please remember that it is not enough for you merely to mail your bid before bidding closes. Instead, we must actually receive your bid no later than the bidding closing date.

WHAT SHOULD YOU BE CAREFUL ABOUT WHEN SIGNING YOUR BID?

Here are several examples:

- (1) When co-bidders are involved, make sure that each co-bidder signs the bid in the appropriate place and with respect to the appropriate bid component,
- (2) Each bid signer should sign using the bidder's full legal name. This is true whether the bidder is signing as a sole proprietor, a corporate officer, a general partner, or in any other capacity,
- (3) Multiple individuals owning any bid component in common must both sign the bid. For example, if a permit database establishes that the record owner of a permit is "Smith, Sam S. and Smith, Bess B.", both Sam S. Smith and Bess B. Smith must sign the bid,
- (4) A corporation owning a bid component must cause a properly authorized corporate officer to sign the bid and the corporate bidder must ensure that the corporation is duly authorized to submit the bid. The latter is particularly important when unrelated parties hold a corporate bidder's stock,
- (5) A partnership owning a bid component must cause each of the partnership's partners to sign on the partnership's behalf, unless one of partners is a general partner whom the bidding partnership's articles of partnership duly authorize to bind the other partners by signing legal documents on the partnership's behalf. In the latter event, the bid's submission should be accompanied by a copy of the partnership's articles of partnership evidencing the general partner's authority, and
- (6) A notary public must notarize all bid signatures.

WHAT SHOULD YOU OTHERWISE BE CAREFUL ABOUT WHEN COMPLETING YOUR BID?

Here are several examples:

- (1) Be sure to complete all aspects of the bid form that require your completion and to do so exactly as the bid form instructs you,
- (2) If the bid involves co-bidders, be sure each co-bidder signs with respect to the bid component for which that co-bidder is the owner of record,
- (3) Be sure you include in your bid each bid component the invitation to bid requires you to include,
- (4) Be sure you properly identify, as instructed, each bid component the invitation to bid requires you to include in your bid,
- (5) Be sure you deliver your bid to us at the right address, and
- (6) Be sure to deliver your bid to us soon enough for us to actually receive it no later than the bidding closing date.

WILL WE REJECT YOUR BID IF IT ISN'T PROPERLY COMPLETED, SIGNED, AND DELIVERED?

Yes.

ARE THERE SUBSTANTIAL PENALTIES AND OTHER PUNISHMENT FOR SUBMITTING FALSE, UNAUTHORIZED, OR FRAUDULENT BIDS?

Yes, the full range of penalties that the Magnuson-Stevens Act, 15 CFR part 904, and all other applicable United States law provides. These include, but are not limited to, civil penalties, sanctions, forfeitures, and punishment for criminal offenses.

WHEN WILL WE ACCEPT OR REJECT YOUR BID?

As soon after the bidding closing date as we can determine which bids are acceptable bids and rank them according to their bid score.

WHEN WILL WE ADVISE YOU WHETHER WE'VE ACCEPTED OR REJECTED YOUR BID?

Although we expect to accept or reject your bid within a couple days after the bidding closing date, we won't advise you that we've done either unless the referendum about the buyback loan's repayment fee is successful. Accepting your bid means, however, that we'll immediately place an obligation on our books to pay you a buyback payment equal to the bid price specified in your bid, subject only to the contingency that an unsuccessful

referendum might subsequently excuse all reduction contract parties from having to perform any of their reduction contract obligations.

If the referendum is unsuccessful, whether we accepted or rejected your bid will be irrelevant because no one would then have to perform any reduction contract obligation anyway. So, an unsuccessful referendum means you'll never know whether we accepted or rejected your bid.

WHEN DO THE REDUCTION CONTRACT PARTIES PERFORM THEIR CONTRACT OBLIGATIONS?

Immediately after we notify you that the referendum was successful and we had previously accepted your bid.

Neither you nor we can control the referendum's result. Although any reduction contract between us will be fully binding (and the buyback payment will be obligated on our books) at the time we accept your bid, a successful referendum must first approve the fee before we advise you that we have accepted your bid and that you and we must then perform our mutual reduction contract obligations.

An unsuccessful referendum means that there no longer are any reduction contract obligations for anyone to perform. If this occurs, we'll promptly advise you of this too.

IF THE FIRST REFERENDUM IS UNSUCCESSFUL, WILL WE RE-INVITE BIDS AND HOLD A SECOND REFERENDUM ON THE NEW BIDDING RESULTS?

Probably not. Referendum results won't be known until after it's already too late to re-obligate the \$10 million appropriated portion of the buyback's cost. Authority to obligate the \$10 million appropriation expires on September 30, 2003, and we don't expect that referendum result will be known until about the first of November. Any potential for re-inviting bids and holding a second referendum would, consequently, have to exclude the \$10 million appropriation, limiting the buyback to a cost of \$36 million (all of which would be in the form of a buyback loan).

HOW MUCH OF BUYBACK COST WILL THE BUYBACK LOAN PRESENTLY FINANCE?

About 78%.

The first \$10 million (about 22%) of the buyback's \$46 million cost is an appropriation rather than a loan. The remaining \$36 million of the buyback's cost is, however, a loan from the United States that post-buyback harvesters must repay over a 30-year

period. Fees on post-buyback landings in each of the seven fisheries will have to repay only the buyback loan sub-amount allocated to each fishery.

WHAT HAPPENS IF THE POST-BIDDING REFERENDUM DOESN'T APPROVE THE BUYBACK LOAN REPAYMENT FEES?

There will be no buyback, and both we and all accepted bidders will then be released from performing all reduction contract obligations. If the referendum doesn't approve the fee, an accepted bidder won't have to relinquish its permits and vessel fishing privileges and we won't have to pay the accepted bidder the buyback payment we've obligated on our books.

WHAT'S THE BUYBACK PROCESS FROM HERE THROUGH THE REFERENDUM?

This is, in chronological sequence, the buyback process as it's presently scheduled:

(1) On or about July 28, 2003, we mail to each qualified bidder a bidding package which invites each qualified bidder to bid.

(2) On or about July 31, 2003, we also mail to each qualified voter (other than those to whom we sent the bidding package in the first step above) a notice that we have invited bids. The notice will also state that we will, without further notice and immediately after we've accepted bids, mail to each qualified voter a referendum ballot or ballots and voting instructions.

(3) On August 4, 2003, bidding opens, and qualified bidders can first bid.

(4) On August 29, 2003, bidding closes, and we'll reject any bid we first receive after this date.

(5) After August 29, 2003, but before September 30, 2003, we score, tally, and accept or reject each bid and obligate on our books buyback payments for accepted bidders (but we don't, at this point, advise bidders whether we accepted or rejected their bids).

(6) On or about September 30, 2003, we mail each qualified voter a referendum ballot or ballots and voting instructions.

(7) On or about October 15, 2003, voting commences, and qualified voters can first vote.

(8) On or about October 29, 2003 voting ends, and we'll reject any vote we receive after this date.

(9) On or about November 12, 2003, we notify everyone whether the referendum was successful or unsuccessful.

If any portion of this schedule changes, we'll notify all parties involved.

IF YOU'RE INTERESTED IN SUBMITTING A BID, WHAT SHOULD YOU BE DOING BETWEEN NOW AND THE TIME YOU RECEIVE OUR BIDDING PACKAGE?

You should probably have at least the following out of the way before you receive our bidding package. Bidding will only be open for 20 business days (26 calendar days). This is all the time you will have to complete your bid and ensure that it reaches us not later than August 29, 2003. The more you get done before bidding opens, the better able you'll be get your bid completed and delivered to us while bidding remains open.

(1) Deciding your bidding strategy. As noted, your chance of being a successful bidder directly depends on the percentage relationship of your bid price to your average landings during the bid scoring period. The lower this percentage is, the better chance you have of being a successful bidder. Only you know the lowest bid price that your circumstances and judgement dictates, but you should carefully weigh the buyback payment you'd like to receive against the risk of not receiving any buyback payment if your bid price is too high a percentage of your average landings. You should attempt to work your way through this decision before you receive our bidding package.

(2) Determining what relinquishment components your bid must include. By the time you receive our bidding package, you should know with certainty exactly what permits and which vessel you must include in your bid. If, after reading this letter, the notice, and the notice addenda, you have any doubts about this, call us for help.

(3) Photocopies of the permits whose relinquishment your bid must include. Your bid must include a photocopy of each of these permits. You should have all these photocopies made and ready by the time you receive our bidding package.

(4) Photocopy of the documentation or registration certificate for the vessel whose fishing privileges relinquishment or scrapping your bid must include. Your bid must include this photocopy. If your bid vessel is Federally documented (which means you won't have to scrap it), you'll have to include in your bid a photocopy of the vessel's official document (which was

issued by the National Vessel Documentation Center). If your bid vessel is State registered (which means you'll have to scrap it), you'll have to include in your bid a photocopy of whatever official registration certificate (or whatever other identifying documentation) the registering State issued for this vessel. You should have this photocopy made and ready by the time you receive our bidding package.

(5) Negotiating your agreement with co-bidders (if any). If your bid involves any co-bidders, you and they should have attempted to get as much of the necessary negotiation and agreement out of the way as possible by the time you receive our bidding package.

(6) Knowing who must sign the bidding form and scheduling an appropriate time and place for them to do so. Before you receive our bidding package, you should have decided exactly who will have to sign your bidding form (either in their own right or as the authorized signer for a corporation or partnership) and have arranged for all signers to be available when needed.

(7) Attorney consultation. If you choose to consult with an attorney, you probably should try to do this before you receive our bidding package.

This concludes the buyback bidding questions and answers.

If you have additional questions about any buyback aspect, you may telephone or e-mail me, Mike Sturtevant, or Shawn Barry at the following telephone numbers or e-mail addresses:

PERSON	NUMBERS/ADDRESS	
	TELEPHONE (301) 713-2390	E-MAIL
Mike Grable	Extension 185	Michael.Grable@noaa.gov
Mike Sturtevant	Extension 212	Michael.A.Sturtevant@noaa.gov
Shawn Barry	Extension 186	Shawn.Barry@noaa.gov

Please don't hesitate to call us at any time during the buyback process if you need clarification or other help understanding any buyback bidding aspect. We're here to help you. We sincerely hope the buyback successfully achieves its objective of increasing post-buyback harvesters' productivity and helping financially stabilize the fishery.

You should look forward to receiving our bidding package between July 28, 2003 (when we will mail it), and August 4, 2003 (when bidding opens).

We look forward to receiving your bid.

Sincerely,

Michael L. Grable, Chief
Financial Services Division

ENCLOSURE (Final Notice with addenda)